

## ISSUE

Is the nonprofit organization that provides for the placement of orphan children from foreign countries in the manner described below operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code?

## FACTS

A nonprofit organization, which otherwise qualifies for exemption under section 501(c)(3) of the Code, was formed for the purpose of arranging for the placement of orphan children living in foreign countries with adoptive parents living in the United States. It receives applications from residents of the United States who desire to adopt a foreign-born orphan child, and conducts an investigation to determine whether the applicants are qualified as adoptive parents. It also locates, by means of its contacts with agencies and institutions in foreign countries, orphan children who are available for adoption in the United States.

The organization makes all the necessary arrangements for and pays the expenses of the child's departure and travel to the United States. It also handles all required administrative and legal proceedings, and it assumes financial responsibility for each child until the adoption proceedings have been completed. Its primary sources of support are fees paid by the adoptive parents and contributions from the general public.

## LAW AND ANALYSIS

Section 501(c)(3) of the Code provides for exemption from federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' is used in section 501(c)(3) of the Code in its generally accepted legal sense.

The term 'charitable,' in its generally accepted legal sense, includes the care of orphans.

By arranging for the placement and adoption of orphans the organization is engaged in charitable activities.

## HOLDING

An organization that arranges for the placement of orphan children from foreign countries in homes of adoptive parents living in the United States, in the manner described above, is operated exclusively for charitable purposes and is exempt from federal income tax under section 501(c)(3) of the Code.

## APPLICATION INSTRUCTIONS

Even though an organization considers itself within the scope of this revenue ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.

In accordance with the instructions to Form 1023, the application should be filed with the District Director of Internal Revenue for the key district indicated therein.